

US DISTRICT COURT INDEX SHEET



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3 : 97 - CR - 229 USA V. CHACONI

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

November 1995 Grand Jury '97 cr 229 E

UNITED STATES OF AMERICA,	)	Criminal Case No. _____
)	
Plaintiff,	)	I N D I C T M E N T
)	
v.	)	Title 18, U.S.C., Sec. 1341 -
MILTON M. CHACONI (1),	)	Mail Fraud; Title 26, U.S.C.,
aka Milton Chacon,	)	Sec. 7206(2) - Aid and Assist
aka Milton Morales,	)	in the Preparation of a False
MARTIN PEREZ (2),	)	Return; Title 18, U.S.C.,
aka Martin Perez Rodriguez,	)	Sec. 1956(a)(1)(B)(i) - Money
	)	Laundering; Title 18, U.S.C.,
Defendants.	)	Sec. 2 - Aiding and Abetting;
	)	Title 18, U.S.C.,
	)	Sec. 982(a)(1)(A) - Criminal
	)	Forfeiture

The grand jury charges:

INTRODUCTORY ALLEGATIONS

At all times relevant to this indictment:

1. Defendant MILTON M. CHACONI ("CHACONI"), aka Milton Chacon, aka Milton Morales, was a resident at 1741 Loretta Street, Oceanside, California, 92054, which is located in the Southern District of California.

TFK:mdd:San Diego
01/16/97

1 2. Defendant MARTIN PEREZ ("PEREZ"), aka Martin Perez
2 Rodriguez, was a resident at 1741 Loretta Street, Oceanside,
3 California, 92054, which is located in the Southern District of
4 California.

5 3. Defendant CHACONI, a Costa Rican national and naturalized
6 U.S. citizen, was a consultant and tax return preparer in the San
7 Diego County, California, area.

8 4. "Consultant to the Hispanic Community" was a consulting
9 and tax return preparer business, located at 1741 Loretta Street,
10 Oceanside, California, which was owned and operated by defendant
11 CHACONI.

12 5. Defendant PEREZ, a Mexican national and resident alien,
13 assisted defendant CHACONI with the preparation of tax returns for
14 Consultant to the Hispanic Community.

15 6. The Internal Revenue Service ("IRS") is an agency of the
16 United States Department of Treasury.

17 7. Earned income credit ("EIC") was a special credit the IRS
18 allowed lower-income filers to claim if, among other things, they
19 earned a limited amount of income during the applicable year. To
20 claim EIC, the taxpayer was required, among other things, to submit
21 to the IRS: (1) a Form 1040 or Form 1040A, U.S. Individual Income
22 Tax Return, listing the amount of income he or she earned during
23 the applicable year; and (2) a Form W-2, Wage and Earning
24 Statement, which verified that the taxpayer had earned the income
25 reflected in the Form 1040 or Form 1040A.

26 8. If a taxpayer met EIC qualifications by complying with
27 the above-mentioned requirements, he or she would be entitled to a

1 refundable credit. If the credit was larger than the tax owed by
2 the taxpayer, the IRS refunded the difference by sending a treasury
3 check in the appropriate amount to the taxpayer at the mailing
4 address specified in the federal income tax return.

5 Counts 1 to 24

6 (18 U.S.C. § 1341)

7 1. Paragraphs 1 through 8 of the Introductory Allegations
8 are repeated and incorporated by reference herein.

9 2. Beginning on or about January, 1992, and continuing to on
10 or about April, 1992, within the Southern District of California,
11 and elsewhere, defendants MILTON M. CHACONI, aka Milton Chacon, aka
12 Milton Morales, and MARTIN PEREZ, aka Martin Perez Rodriguez,
13 residents of Oceanside, California, knowingly devised and intended
14 to devise, a scheme and artifice to defraud and to obtain money
15 from the Internal Revenue Service by means of false and fraudulent
16 pretenses, representations and promises, including the intentional
17 mailing of false federal income tax returns claiming tax refunds.

18 THE SCHEME TO DEFRAUD

19 3. It was part of the scheme to defraud that defendants
20 CHACONI and PEREZ advertised through word of mouth, signs, business
21 cards and flyers in the San Diego County area that their business,
22 Consultant to the Hispanic Community, assisted members of the
23 Hispanic community in the preparation of federal income tax
24 returns.

25 4. It was further part of the scheme to defraud that
26 defendants CHACONI and PEREZ prepared and provided to the taxpayers
27 a copy of their correctly prepared federal income tax return.

1 5. It was further part of the scheme to defraud that
2 defendants CHACONI and PEREZ would not file the correct prepared
3 tax returns of the taxpayers.

4 6. It was further part of the scheme to defraud that
5 defendants CHACONI and PEREZ prepared false federal income tax
6 returns in the name of the taxpayers, unknown to the taxpayers,
7 which listed the defendants' address or post office box and not the
8 taxpayers' correct address or post office box.

9 7. It was further part of the scheme to defraud that
10 defendants CHACONI and PEREZ prepared and filed false federal
11 income tax returns in order to obtain money in the form of tax
12 refunds.

13 8. It was further part of the scheme to defraud that
14 defendants CHACONI and PEREZ mailed the false federal income tax
15 returns to the Internal Revenue Service, Fresno Service Center,
16 Fresno, California.

17 9. It was further part of the scheme to defraud that
18 defendants CHACONI and PEREZ opened two post office boxes in
19 Oceanside, California, in order to receive the tax refunds.

20 10. It was further part of the scheme to defraud that
21 defendants CHACONI and PEREZ cashed or caused to be cashed tax
22 refund checks.

23 11. It was further part of the scheme to defraud that
24 defendants CHACONI and PEREZ used the proceeds of the cashed tax
25 refund checks to purchase money orders.

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1 12. It was further part of the scheme to defraud that
2 defendants CHACONI and PEREZ cashed or caused to be cashed the
3 money orders outside of the United States.

EXECUTION OF THE SCHEME BY MAIL

5 13. On or about the dates listed below, within the Southern
6 District of California, for purpose of executing the scheme to
7 defraud and to obtain money or property by means of false and
8 fraudulent pretenses, representations and promises, as alleged
9 herein, defendants MILTON M. CHACONI, aka Milton Chacon, aka Milton
10 Morales, and MARTIN PEREZ, aka Martin Perez Rodriguez, did: (1)
11 place in the post offices and authorized depositories for mail
12 matter, false federal income tax returns, to be sent and delivered
13 by the Postal Service to the Internal Revenue Service; and (2)
14 knowingly cause to be delivered by the Postal Service, according to
15 the direction thereon, tax refund checks to the defendants' address
16 or post office boxes, as set forth below:

	<u>COUNT</u>	<u>DATE OF MAILING</u>	<u>DESCRIPTION OF MAILING</u>
1	1	1/25/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Lazaro C. & Luzmaria Camiro from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
2	2	2/8/92	1991 1040A (U.S. Individual Income Tax Return) in the name of Pedro Huerta Salinas from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
3	3	2/9/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Israel & Dulce M. Hernandez from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California

	<u>COUNT</u>	<u>DATE OF MAILING</u>	<u>DESCRIPTION OF MAILING</u>
1	4	2/16/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Angel & Reina Morales from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
2	5	2/16/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Ismael & Maricela Hernandez from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
3	6	2/16/92	1991 1040A (U.S. Individual Income Tax Return) in the name of Cresencia Galindez Tapia from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
4	7	2/23/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Abel & Martha Perez from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
5	8	2/23/92	1991 1040A (U.S. Individual Income Tax Return) in the name of Crisanta Saavedra from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
6	9	2/23/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Rogelio & Margarita Mendiola from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
7	10	2/28/92	U.S. Treasury Check No. 3147 61826920 issued by the Internal Revenue Service, San Francisco, California, in the names of Lazaro C. & Luzmaria Camiro, addressed to P.O. Box 2017, Oceanside, California
8	11	3/2/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Eugenio & Barbara Garcia from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
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<u>COUNT</u>	<u>DATE OF MAILING</u>	<u>DESCRIPTION OF MAILING</u>
12	3/2/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Sergio & Luzmaria Garcia from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
13	3/6/92	U.S. Treasury Check No. 3147 04323786 issued by the Internal Revenue Service, San Francisco, California, in the name of Pedro Salinas, addressed to 1741 Loretta St., Oceanside, California
14	3/7/92	1991 1040A (U.S. Individual Income Tax Return) in the names of Eduardo & Elvia Arzate from Oceanside, California, addressed to the Internal Revenue Service Center, Fresno, California
15	3/13/92	U.S. Treasury Check No. 3147 05705470 issued by the Internal Revenue Service, San Francisco, California, in the names of Israel & Dulce Maria Hernandez, addressed to P.O. Box 1878, Oceanside, California
16	3/27/92	U.S. Treasury Check No. 3147 07718134 issued by the Internal Revenue Service, San Francisco, California, in the names of Sergio & Luz Maria Garcia, addressed to P.O. Box 2017, Oceanside, California
17	3/27/92	U.S. Treasury Check No. 3147 08353426 issued by the Internal Revenue Service, San Francisco, California, in the names of Ismael & Maricela Hernandez, addressed to 1741 Loretta St., Oceanside, California
18	3/27/92	U.S. Treasury Check No. 3147 08001991 issued by the Internal Revenue Service, San Francisco, California, in the names of Rogelio & Margarita Mendiola, addressed to 1741 Loretta St., Oceanside, California
19	3/27/92	U.S. Treasury Check No. 3147 08353435 issued by the Internal Revenue Service, San Francisco, California, in the names of Angel & Reina Morales, addressed to 1741 Loretta St., Oceanside, California

<u>COUNT</u>	<u>DATE OF MAILING</u>	<u>DESCRIPTION OF MAILING</u>
20	3/27/92	U.S. Treasury Check No. 3147 08353362 issued by the Internal Revenue Service, San Francisco, California, in the names of Abel B. & Martha M. Perez, addressed to 1741 Loretta St., Oceanside, California
21	3/27/92	U.S. Treasury Check No. 3147 08353315 issued by the Internal Revenue Service, San Francisco, California, in the name of Crisanta Saavedra, addressed to P.O. Box 1878, Oceanside, California
22	3/27/92	U.S. Treasury Check No. 3147 08002415 issued by the Internal Revenue Service, San Francisco, California, in the name of Cresencia Galindez Tapia, addressed to 1741 Loretta St., Oceanside, California
23	4/3/92	U.S. Treasury Check No. 3147 62586236 issued by the Internal Revenue Service, San Francisco, California, in the names of Edward & Elvia Hernandez Arzate, addressed to P.O. Box 1878, Oceanside, California
24	4/10/92	U.S. Treasury Check No. 3147 64294820 issued by the Internal Revenue Service, San Francisco, California, in the names of Eugenio & Barbara Garcia, addressed to 1741 Loretta St., Oceanside, California
All		In violation of Title 18, United States Code, Sections 1341 and 2.

Counts 25 to 36

(26 U.S.C. § 7206(2))

1. Paragraphs 1 through 8 of the Introductory Allegations are repeated and incorporated by reference herein.

2. On or about April 15, 1992, in the Southern District of California, defendants MILTON M. CHACONI, aka Milton Chacon, aka Milton Morales, and MARTIN PEREZ, aka Martin Perez Rodriguez, residents of Oceanside, California, did willfully aid and assist

1 in, and procure, counsel, and advise the preparation and
 2 presentation to the Internal Revenue Service, of U.S. Individual
 3 Income Tax Returns, Forms 1040A, either individual or joint, in the
 4 name of taxpayers and in the calendar year 1991, which were false
 5 and fraudulent as to material matters, in that they represented
 6 that the below-listed taxpayers resided at: 1741 Loretta Street,
 7 Oceanside, California; Post Office Box 1878, Oceanside,
 8 California; or Post Office Box 2017, Oceanside, California, and/or
 9 were entitled under the provisions of the Internal Revenue laws to
 10 claim deductions, exemptions and credits for items and in amounts
 11 hereinafter specified, whereas, the defendants then and there well
 12 knew and believed, the said taxpayers did not reside at such
 13 address or post office boxes and were not entitled to the
 14 deductions, exemptions and credits claimed in said amounts set
 15 forth below:

<u>COUNT</u>	<u>NAME ON RETURN</u>	<u>FALSE ITEM</u>	<u>FALSE AMOUNT CLAIMED</u>
25	Eduardo & Elvia Arzate	Address Exemption amount - line 21	NONE \$17,200
26	Lazaro C. & Luzmaria Camiro	Address Spouse Standard deduction - line 19	NONE NONE \$5,700
26		Exemption amount - line 21	\$8,600
26		Earned income credit - line 28c	\$1,235

			<u>FALSE AMOUNT CLAIMED</u>
1	2	NAME ON <u>RETURN</u>	<u>FALSE ITEM</u>
2	27	Eugenio & Barbara Garcia	'Address Spouse Standard deduction - line 19 Exemption amount - line 21 Earned income credit - line 28c
3			\$5,700 \$8,600 \$1,235
4			NONE
5			NONE
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10	28	Sergio & Luz Maria Garcia	Address Spouse Standard deduction - line 19 Exemption amount - line 21
11			NONE
12			NONE
13			
14			
15	29	Ismael & Maricela Hernandez	Address Exemption amount - line 21 Earned income credit - line 28c
16			\$6,450
17			
18			
19	30	Israel & Dulce M. Hernandez	Address Exemption amount - line 21 Earned income credit - line 28c
20			\$8,600
21			
22			
23	31	Rogelio & Margarita Mendiola	Address
24			NONE
25			
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<u>COUNT</u>	<u>NAME ON RETURN</u>	<u>FALSE ITEM</u>	<u>FALSE AMOUNT CLAIMED</u>
32	Angels & Reina Morales	:Address Spouse	NONE NONE
		Standard deduction - line 19	\$5,700
		Earned income credit - line 28c	\$1,235
33	Abel & Martha Perez	Address	NONE
		Exemption amount - line 21	\$12,900
		Earned income credit - line 28c	\$559
34	Crisanta Saavedra	Address	NONE
35	Pedro Huerta Salinas	Address	NONE
36	Cresencia Galindez Tapia	Address	NONE
15	All in violation of Title 26, United States Code, Section 7206(2) and Title 18, United States Code, Section 2.		
17		<u>Counts 38 and 39</u>	
18		(18 U.S.C. § 1956(a)(1)(B)(i))	
19	1. Paragraphs 1 through 8 of the Introductory Allegations are realleged and incorporated by reference herein.		
20			
21	2. On or about March 21, 1992, in the Southern District of California, defendants MILTON M. CHACONI, aka Milton Chacon, aka Milton Morales, and MARTIN PEREZ, aka Martin Perez Rodriguez, knowing that the property involved in the financial transactions set forth individually below represented the proceeds of some form of unlawful activity, knowingly conducted the financial		
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1 transactions which, in fact, involved the proceeds of a specified
2 unlawful activity, that is mail fraud as set forth in Counts 1 to
3 24 above, with the knowledge that the financial transactions were
4 designed in whole and in part to conceal and disguise the nature,
5 source, ownership, and control of the proceeds of the specified
6 unlawful activity:

7 COUNT FINANCIAL TRANSACTION

8 38 Purchase of \$15,000 in CONTINENTAL EXPRESS money orders
9 (Nos. 53-13260316 through 53-13260345 and 53-13260347
10 through 53-13260366) from Balboa Liquor, Oceanside,
California, in the name of Martin Perez payable to Miguel
Angel Chacon.

11 39 Purchase of \$10,800 in CONTINENTAL EXPRESS money orders
12 (Nos. 53-13260346, 53-13260367 through 53-13260383, 53-
13 13260398 through 53-13260406, 53-13260409, 53-13260410,
14 and 53-13260413 through 53-13260419) from Balboa Liquor,
Oceanside, California, in the name of Milton Chaconi
payable to Miguel Angel Chacon.

15 All in violation of Title 18, United States Code,
16 Sections 1956(a)(1)(B)(i) and 2.

17 Count 40

18 (18 U.S.C. § 982(a)(1)(A))

19 CRIMINAL FORFEITURE ALLEGATIONS

20 1. The allegations contained in Counts 38 and 39 of this
indictment are realleged and incorporated by reference herein.

21 2. As a result of the felony offenses alleged in Counts 38
and 39, defendants MILTON M. CHACONI, aka Milton Chacon, aka Milton
23 Morales, and MARTIN PEREZ, aka Martin Perez Rodriguez, shall
24 forfeit to the United States any and all property real or personal
25 involved in such offenses or any property traceable to such
26 property as to which properties the said defendants are jointly and

1 severally liable. The United States intends to forfeit property of
2 the defendants, including but not limited to the following:
3 approximately \$25,800 in U.S. Currency, in that such sum in
4 aggregate constitutes the property involved in the felony criminal
5 violations alleged in Counts 38 and 39.

6 SUBSTITUTE ASSETS

7 If any of the property described above as being subject to
8 forfeiture, as a result of any act or omission of defendants
9 CHACONI and PEREZ or any entity or person acting on their behalf:

- 10 a) cannot be located upon the exercise of due diligence;
- 11 b) has been transferred or sold to or deposited with, a
12 third person;
- 13 c) has been placed beyond the jurisdiction of the court;
- 14 d) has been substantially diminished in value; or
- 15 e) has been commingled with other property which cannot be
16 subdivided without difficulty;

17 it is the intent of the United States, pursuant to Title 18, United
18 States Code, Section 982(a)(1) (A), to seek forfeiture of any other
19 property of said defendants up to the value of the above
20 forfeitable property, that is, \$25,800.

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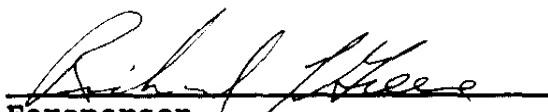
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1 All in violation of Title 18, United States Code,
2 Section 982(a)(1)(A), incorporating Title 21, United States Code,
3 Section 853.

4 DATED: January 21, 1997.

5 A TRUE BILL:

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9 Foreperson

10
11 ALAN D. BERSIN
12 United States Attorney

13 By: 
14 THOMAS F. KLUMPER
15 Trial Attorney
16 U.S. Department of Justice
17 Tax Division
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Unsealed 2/25/98

United States District Court

SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

V.

WARRANT FOR ARREST

MILTON M. CHACONI et al

CASE NUMBER: 97-cr-229-E

To: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest

MILTON M. CHACONI (1) aka Milton Chacon
aka Milton Morales

Name _____

and bring him or her forthwith to the nearest magistrate to answer a(n)

Indictment Information Complaint Order of Court Violation Notice Probation Violation Petition
 Pretrial Violation

charging him or her with (brief description of offense)

18 USC 1341 - Mail Fraud; 26 USC 7206(2) - Aid and Assist in the Preparation of a False Return; 18 USC 1956(a)(1)(B)(i) - Money Laundering; 18 USC 2 - Aiding and Abetting; 18 USC 982(a)(1)(A) - Criminal Forfeiture

In violation of Title _____ See Above _____ United States Code, Section(s) _____

Roberta Westdal

Name of Issuing Officer

G. Broas

Signature of Deputy

Clerk of the Court _____

Title of Issuing Officer _____

1/21/97, San Diego, CA

Date and Location _____

Bail fixed at \$ _____

by _____ The Honorable Cynthia G. Aaron

Name of Judicial Officer _____

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED	NAME AND TITLE OF ARRESTING OFFICER	SIGNATURE OF ARRESTING OFFICER
DATE OF ARREST		

~~PLEA RECEIPT AND RETURN~~

AO 442

United States District Court

SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

V.

WARRANT FOR ARREST

MILTON M. CHACONI et al

CASE NUMBER: 97-cr-229-E

To: The United States Marshal
and any Authorized United States Officer

YOU ARE HEREBY COMMANDED to arrest

MARTIN PEREZ (2) aka Martin Perez Rodriguez

Name

and bring him or her forthwith to the nearest magistrate to answer a(n)

Indictment Information Complaint Order of Court Violation Notice Probation Violation Petition
 charging him or her with (brief description of offense) Pretrial Violation

18 USC 1341 - Mail Fraud; 26 USC 7206(2) - Aid and Assist in the Preparation of a False Return; 18 USC 1956(a)(1)(B)(i) - Money Laundering; 18 USC 2 - Aiding and Abetting; 18 USC 982(a)(1)(A) - Criminal Forfeiture

In violation of Title _____ See Above _____ United States Code, Section(s) _____

Roberta Westdal Clerk of the Court_____
Name of Issuing Officer Title of Issuing Officer_____
G. Broas 1/21/97, San Diego, CA_____
Signature of Deputy Date and Location

Bail fixed at \$ _____ by _____ The Honorable Cynthia G. Aaron

Name of Judicial Officer

RETURN

This warrant was received and executed with the arrest of the above-named defendant at _____

DATE RECEIVED	NAME AND TITLE OF ARRESTING OFFICER	SIGNATURE OF ARRESTING OFFICER
DATE OF ARREST		